

NATIONAL CREDIT UNION SHARE INSURANCE FUND

Your savings federally insured to \$100,000

NCUA

*National Credit Union Administration
a U.S. Government Agency*

FINANCIAL HIGHLIGHTS JULY 31, 2003

**DENNIS WINANS
CHIEF FINANCIAL OFFICER**

NCUSIF FINANCIAL HIGHLIGHTS
July 31, 2003

Balance Sheet:

Other Receivables: Due From Credit Unions — of \$5.6 million represents the remaining amount of one percent deposit adjustments due from credit unions on April 14.

Prepaid & Deferred Charges — is \$1.2 million for July. \$7.5 million was transferred to the operating fund to cover 62% of the agency's operating costs. July's actual operating costs were \$6.8 million.

Other Assets — represents balance due to the NCUSIF from monies loaned to NCUA for purchase of the King Street building.

Provision for Credit Union Losses (Reserves) — of \$61.5 million includes new reserves of \$3.4 million that were added for July.

NCUSIF Equity — increased to 1.23% for July, based upon an insured share base of \$475 billion for June 30, 2003.

Statement of Revenue and Expense:

NCUSIF Total Operating Expense — of \$7.0 million includes \$126.1 thousand in direct expenses paid by the NCUSIF for state examiner training, leasing expense for state examiner laptop computers, and other insurance related items.

Insurance Loss — is \$3.4 million for July. The \$1.5 million is an increase to the National Pool Reserve and \$1.9 million is for new reserves or reserve increases for specific problem credit unions.

TABLE 1 - NATIONAL CREDIT UNION SHARE INSURANCE FUND
BALANCE SHEET
JULY 31, 2003

ASSETS	JULY 2002	JUNE 2003	JULY 2003
Investments:			
U.S. Government Securities	\$5,256,958,234.75	\$5,766,551,850.12	\$5,749,620,966.23
Advances to Credit Unions:			
Capital Notes (NCUSIF Subordinated Notes)	0.00	0.00	0.00
Share Deposits	0.00	0.00	0.00
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Total Advances to Credit Unions	0.00	0.00	0.00
Other Receivables:			
Due from Credit Unions	108,008.13	6,499,515.21	5,605,534.46
Loans due to NCUSIF	0.00	1,711,419.24	1,711,419.24
Recoveries from Liq. CU	12,723,451.15	14,623,567.26	13,361,487.88
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Total Other Receivables	12,831,459.28	22,834,501.71	20,678,441.58
Cash	5,292.10	25,141.29	5,049.53
Interest Receivable	89,425,881.21	51,306,482.58	73,223,246.01
Prepaid & Deferred Charges	170,993.27	577,172.04	1,227,629.33
Leased Assets	398,011.57	1,059,612.52	1,025,414.30
Other	29,695,543.80	27,185,119.60	27,058,921.31
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TOTAL ASSETS	\$5,389,485,415.98	\$5,869,539,879.86	\$5,872,839,668.29
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LIABILITIES			
Accounts Payable:			
Liquidation Claims	\$5,550,755.96	\$9,406,819.07	\$8,539,525.61
Other	0.00	395,740.45	985.08
Check Clearing Accounts	15,474.57	5,609.57	2,197.56
Dividend Check Clearing	0.00	0.00	0.00
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Total Current Liabilities	5,566,230.53	9,808,169.09	8,542,708.25
Provision for CU Losses (Reserves)	47,175,233.60	58,833,201.34	61,455,209.50
Lease Liabilities	321,992.10	1,139,270.22	1,034,946.24
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TOTAL LIABILITIES	53,063,456.23	\$69,780,640.65	\$71,032,863.99 1/
EQUITY			
CU Contributed Capital	4,036,060,774.16	\$4,430,859,655.27	\$4,430,684,440.02
Retained Earnings	1,300,361,185.59	1,368,899,583.94	1,371,122,364.28
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TOTAL EQUITY	5,336,421,959.75	\$5,799,759,239.21	\$5,801,806,804.30
TOTAL LIABILITIES & EQUITY	\$5,389,485,415.98	\$5,869,539,879.86	\$5,872,839,668.29
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COMPARATIVE ANALYSIS OF BALANCE SHEET RATIOS
for Period Ending July 31, 2003

	JUL 02	JUN 03	JUL 03
1. Investments/Total Assets	97.54%	98.25%	97.90 %
2. Total Equity/Insured Shares	1.23%	1.22%	1.22%
3. Prov. for Losses/CU Capital	1.17%	1.33%	1.39 %
4. Non-Earning/Total Assets	1.91%	1.29%	1.64%
5. Available Asset Ratio	1.22%	1.22%	1.21 %

1/ Does not include unreserved contingent liabilities of \$0 in asset guarantees, and \$310.8 thousand in outstanding line of credit guarantees.

TABLE 2 - STATEMENT OF REVENUE AND EXPENSE
FOR THE PERIOD ENDING JULY 31, 2003

INCOME	CURRENT MONTH	CURRENT MONTH BUDGET	FY TO DATE 2003	FY TO DATE BUDGETED 2003	FY TO DATE 2002
Investment Income	\$12,480,775.89	\$14,100,000.00	\$96,650,420.86	\$101,300,000.00	\$127,885,351.06
Other Income	92,689.98	75,000.00	530,800.56	540,000.00	765,120.20
Total Income	12,573,465.87	14,175,000.00	97,181,221.42	101,840,000.00	128,650,471.26
EXPENSE					
Employee Pay	4,476,102.11	4,854,127.30	\$30,710,718.76	32,110,038.67	31,103,074.53
Employee Benefits	1,105,582.55	1,189,849.24	\$7,259,174.17	7,893,184.33	7,238,443.75
Employee Travel	589,506.33	660,211.55	\$3,407,912.97	4,621,480.82	3,569,667.04
Rent/Communications/Utilities	191,321.91	227,221.49	\$1,437,069.83	1,590,550.43	1,290,520.01
Administrative Costs	289,188.72	587,928.35	\$2,978,788.38	4,115,498.40	3,081,953.90
Contracted Services	197,841.09	350,523.95	\$1,442,035.20	2,453,667.62	1,545,633.50
Subtotal NCUA Operating Exp.	6,849,542.71	7,869,861.88	47,235,699.31	52,784,420.27	47,829,292.73
AMAC Expense	191.54	1,250.00	26,495.78	8,750.00	5,068.22
Training Expense	73,376.07	100,000.00	765,828.95	700,000.00	630,754.56
Leasing Expense	35,747.77	49,400.00	373,911.01	345,800.00	368,955.91
Other Insurance Expense	16,827.44	17,500.00	118,585.89	122,500.00	122,899.41
Total Operating Exp.	6,975,685.53	8,038,011.88	48,520,520.94	53,961,470.27	48,956,970.83
Insurance Loss	3,375,000.00	2,000,000.00	17,465,468.73	14,000,000.00	2,660,969.00
Total Expense	10,350,685.53	10,038,011.88	65,985,989.67	67,961,470.27	51,617,939.83
NET INCOME	\$2,222,780.34	\$4,136,988.12	\$31,195,231.75	\$33,878,529.73	\$77,032,531.43
Retained Earnings, Beginning of Year			\$1,339,927,132.53		\$1,223,328,654.16
Prior Year Adjustment			0.00		0.00
As Restated			1,339,927,132.53		1,223,328,654.16
Net Income			31,195,231.75		77,032,531.43
Dividends			1,371,122,364.28		1,300,361,185.59
Retained Earnings, End of Year			\$1,371,122,364.28		\$1,300,361,185.59

Comparative Analysis of NCUSIF Ratios for July 31, 2003

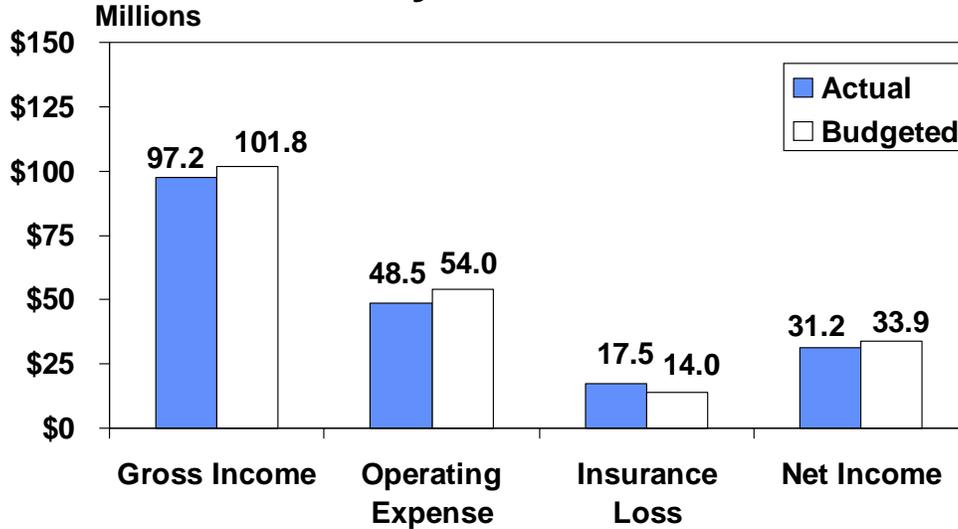
INCOME STATEMENT RATIOS	LAST MONTH	THIS MONTH	PRIOR FYTD	CURRENT FYTD
1. Oper. Exp./Total Income	57.32%	55.48%	38.05%	49.93%
2. Ins. Loss/Total Income	12.05%	26.84%	0.00%	17.97%
3. Total Exp./Total Income	69.36%	82.32%	40.12%	67.90%
4. Net Income/Total Income	30.64%	17.68%	59.88%	32.10%
5. Ins. Loss/Insured Shares	0.00%	0.00%	0.00%	0.00%

TABLE 3 - STATEMENT OF CASH FLOWS
July 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES:	
Income from investments	\$92,600,021.57
Other income received	(1,180,618.68)
Cash paid for operating expenses	(67,509,000.36)
Net cash (paid) received for insurance losses	<u>18,279,049.62</u>
Net cash provided by operating activities	42,189,452.15
CASH FLOWS FROM INVESTING ACTIVITIES:	
Investments, net	(205,774,291.30)
Collections on note receivable - National Credit Union Administration Operating Fund	<u>1,973,764.31</u>
Net cash provided by (used in) investing activities	(203,800,526.99)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Contributions from insured credit unions Cont Cap acct	161,610,317.02
Dividends to insured credit unions	<u>0.00</u>
Net cash provided by financing activities	161,610,317.02
NET INCREASE (DECREASE) IN CASH	(757.82)
CASH, BEGINNING OF YEAR	5,807.35
CASH, ENDING July 31, 2003	<u><u>\$5,049.53</u></u>

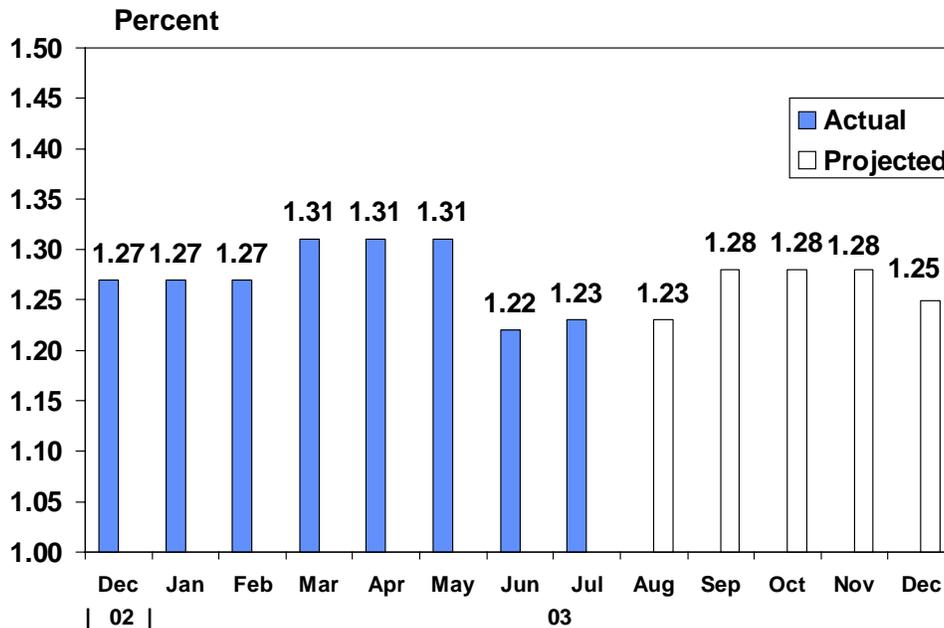
REVENUE AND EXPENSE

July 31, 2003



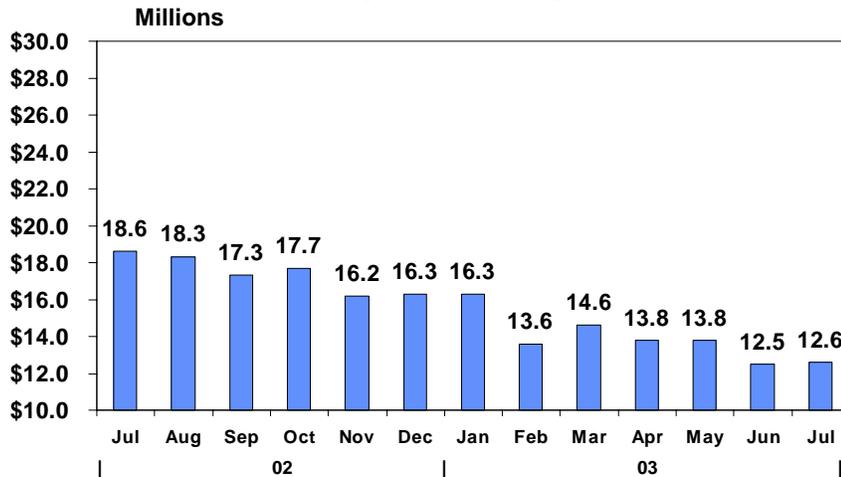
NCUSIF EQUITY RATIO

July 31, 2003



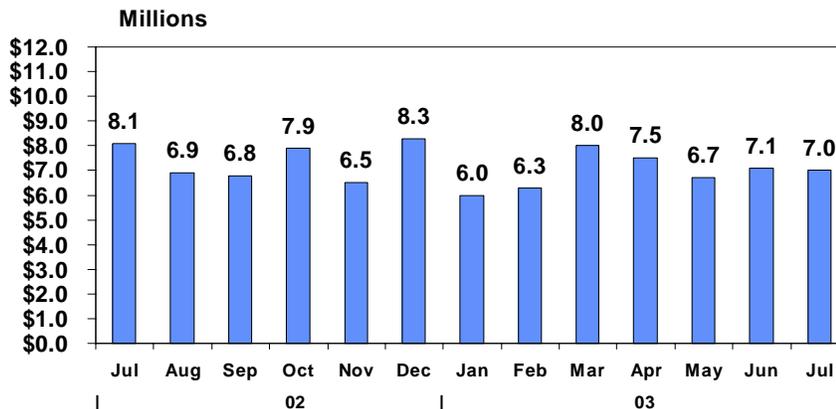
GROSS INCOME

July 02 – July 03



OPERATING EXPENSES

July 02 – July 03



INSURANCE LOSSES

July 02 – July 03

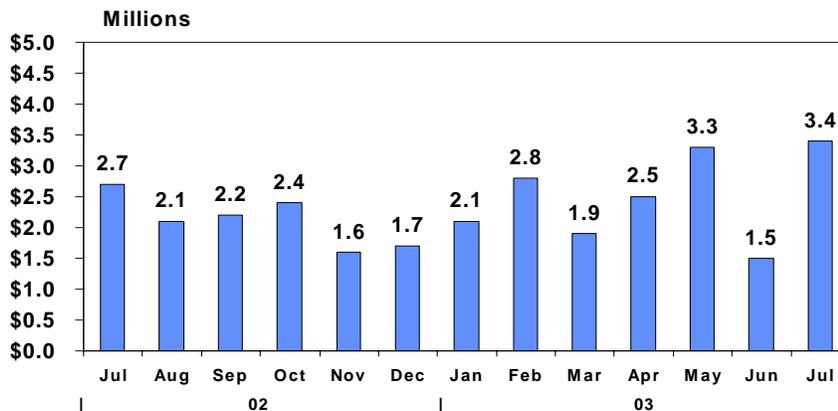


TABLE 4

INVESTMENT PORTFOLIO SUMMARY

July 31, 2003

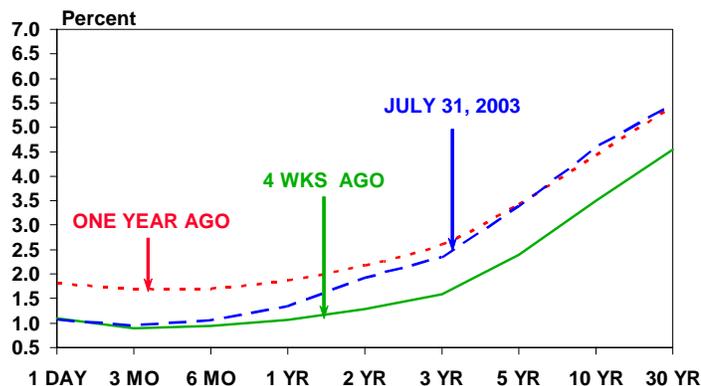
I. INVESTMENT PORTFOLIO BALANCE AND MARKET VALUE					
	Book Value	Market Value	(Gain or Loss)	% Market to Book Value	Weighted Average Yield
Daily Treasury Account	\$1,104,001,000	\$1,104,001,000	\$0	100.0%	1.01%
U.S. Treasury Notes	\$4,645,619,967	\$4,683,875,000	\$38,255,033	100.8%	2.72%
TOTAL	\$5,749,620,967	\$5,787,876,000	\$38,255,033	100.7%	2.50%

II. INVESTMENT PORTFOLIO PERFORMANCE				
	Last Month	Current Month	CY To Date	CY03 Projections
Investment Yield	2.58%	2.52%	2.90%	3.00%
Investment Income	\$12,390,315	\$12,480,776	\$96,650,421	172 Million
Income Budgeted	\$14,100,000	\$14,100,000	\$101,300,000	172 Million
Income/Budgeted Ratio	87.9%	88.5%	95.4%	100.00%
Avg. Maturity in Days	311	363	341	

III. MONTHLY ACTIVITY				
Purchase	Type	Amount	Maturity	Yield
7/10/2003	T-Note	\$100,000,000	4/30/2005	1.30%
7/10/2003	T-Note	\$100,000,000	6/30/2005	1.33%
7/10/2003	T-Note	\$100,000,000	8/15/2005	1.36%
7/10/2003	T-Note	\$100,000,000	11/15/2005	1.48%
7/10/2003	T-Note	\$100,000,000	2/15/2006	1.57%
7/10/2003	T-Note	\$100,000,000	5/15/2006	1.71%
TOTAL		\$600,000,000		

IV. MATURITY SCHEDULE (par value in millions)	
3 months or less	1,804.0
3 months - 1 year	1,600.0
1 year - 2 years	1,800.0
2 years - 3 years	400.0
3 years - 4 years	0.0
TOTAL	5,604.0

TREASURY YIELD CURVE



MATURITY SCHEDULE

July 31, 2003

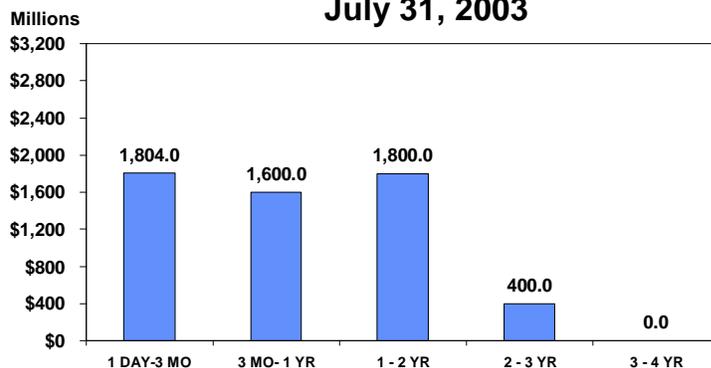


TABLE 5

INTEREST RATE COMPARISONS

July 31, 2003

INTEREST RATE COMPARISONS								
	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03
NCUSIF Yield	3.37%	3.40%	3.12%	3.01%	2.88%	2.76%	2.58%	2.52%
90 day T-Bill	1.19%	1.17%	1.19%	1.11%	1.11%	1.10%	0.89%	0.94%
1 year T-Bill	1.36%	1.36%	1.30%	1.24%	1.24%	1.17%	1.06%	1.33%
2 year T-Note	1.64%	1.73%	1.54%	1.50%	1.47%	1.35%	1.29%	1.92%
30 year T-Note	4.81%	4.87%	4.69%	4.81%	4.75%	4.39%	4.55%	5.46%

INTEREST RATE COMPARISONS
July 31, 2003

